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30 March 1956

MEMORANDUM FOR: Economic Defense Intelligence Committee  
FROM : Acting Executive Secretary, EDIC  
SUBJECT : Sino-Soviet Bloc Procurement of Nickel - 1955

The attached summary, which has been prepared by CIA, is  
circulated for the information of EDIC members.

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Acting Executive Secretary

Attachment:  
Sino-Soviet Bloc Procurement of Nickel - 1955

Distribution:  
Cat. B (4, 5, 8-12, 14), M/FM  
C (1-3)  
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SINO-SOVIET BLOC PROCUREMENT OF NICKEL - 1955

1. A shortage of nickel in the Soviet Bloc, primarily in the Satellites, has resulted in constant attempts to obtain additional supplies in all forms on Western markets. For example, reports indicate that there is a shortage of nickel for use in the aircraft production program of the European Satellites as well as for other purposes.

2. The Fifth Five-Year Plan of the USSR called for an increase in nickel production from about 29,000 metric tons in 1950 to 40,000 metric tons in 1955. Production of nickel in East Germany and Poland in 1955 amounted to about 680 tons. The USSR exports about 10 per cent of its nickel output to the Satellites but this is not sufficient to meet their requirements.

3. As reported in the attached table, known shipments of nickel to the Bloc in 1955 amounted to 1089 metric tons. It should be noted that the figures of shipments from Western countries to the Bloc are minimum figures since the clandestine nature of this trade and limited information available precludes an accurate tabulation of all shipments.

4. Black market prices for nickel ranging from \$3.80 to \$6.10 per kilo were reported during 1955. The average free market price was \$1.42 per kilogram.

5. Ferronickel of less than 30% nickel content is not covered by COCOM controls. Shipments of ferronickel totaling 1,100 tons, ranging from 17 to 30% nickel content, have been made to the Satellite countries from the West in 1955. The quantity of pure nickel represented by these ferronickel shipments was equal to approximately 25% of the Soviet Bloc's clandestine imports of IL-I nickel in 1955.

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Sino-Soviet Bloc Imports and Attempted Procurement  
of Nickel, 1953 - 1955\*

(in metric tons)

	<u>1953</u>	<u>1954</u>	<u>1955</u>
Shipments	658	1020	1089
Procurement efforts - interrupted	52	38	60
Procurement efforts - outcome undetermined	76	485	374

\* The above table is based on reports supported by documentary evidence, on-the-spot investigation by US personnel, or information from other reliable sources. This tabulation is not represented to be comprehensive and should only be regarded as an indication of magnitude.

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